Palmetto City Commission  
February 5, 2007  4:00 p.m.

**Elected Officials Present:**  
Larry Bustle, Mayor  
Eric Ball, Vice Mayor  
Tamara Cornwell, Commissioner  
Mary Lancaster, Commissioner  
Tambra Varnadore, Commissioner  
Brian Williams, Commissioner (Arrived 4:10 p.m.)

**Staff and Others Present:**  
James R. Freeman, City Clerk  
Chris Lukowiak, Public Works Director  
Chief Garry Lowe  
Tanya Lukowiak, CRA Executive Director  
Michele Hall, Attorney  
Bob Schmitt, Interim City Planner  
Deanna Roberts, Administrative Assistant

Mayor Bustle called the meeting to order at 4:05 pm. A moment of silence for military personnel serving overseas was observed, followed by the Pledge of Allegiance.

1. **APPROVAL OF WORKSHOP AGENDA**

**MOTION:** Mr. Ball moved, Mrs. Lancaster seconded and motion passed 4-0 to approve the agenda with the stipulation that Mike Towns be allowed to appear before Commission regarding Agenda Item #6 prior to Mrs. Lukowiak's presentation should he arrive early.

2. **CIP UPDATE**  
Finance Director Karen Simpson presented a spreadsheet listing the projects on the Five-Year Plan, the dollars required for each, the timing of the projects and funding sources. The spreadsheet included completed projects and the funding for all completed projects. The spreadsheet and Attachments B, C and D were included in each agenda packet.

Commission had asked what the debt service would cost the City of Palmetto, and those calculations are shown on Attachment B. The calculation assumes an interest rate of 5%, a 20-year term and four quarterly payments of $1,985 per quarter per $100,000 in debt, or approximately $7,940.00 annually per $100,000.

In answer to Mrs. Cornwell's question about municipal bonds as a funding source, Mrs. Simpson said it takes at least one year to get rated for bonds and she's not even sure the City would qualify; however, Florida League of Cities belongs to a bond pool and the City could probably piggy back on their rating. Finance can look at an individual bond for 2009-2010 and see if it's feasible.

There is approximately $3.1 million left over from the 2004-2005 loans which can be used for the 2007 CIP budget. There is no new debt service in the '07 budget. The City is still making payments on the 2004-2005 debt and the $55,974 reflects those payments. She informed Commission that staff is asking for approval for only the '07 CIP budget at tonight's meeting so that they can move forward on the projects and come back with solid numbers on the new debt for future years. Additional debt service is reflected in FY 2008-2011.

The debt service including the City Center and the Waste Water Treatment Plant (WWTP) expansion for the Five-Year Plan for the five funds; General Fund, Water, Sewer, Stormwater and Reuse would be $4 million after the Five Year CIP is complete. That number would drop to $2.5 million if the City Center and the Waste Water Treatment Plant were not included. Mrs. Simpson said that Debt Capacity Calculations in two different scenarios follow on Attachment C.
Commissioner Varnadore expressed concern about the debt service because the City will continue to add projects and at some point you have to get the debt under control.

Commissioner Williams inquired if the proposed additional $25,000 in homestead exemption had been factored in. Mrs. Simpson said no because at this point it is still only potential. Mr. Freeman said the projections are based on assumptions; best guesses as to what’s going to happen.

The first scenario Mrs. Simpson presented for Debt Capacity Calculations assumes revenues for the General Fund and Road and Bridge at a 10 percent increase per year, based on the last five years. Enterprise Funds are calculated using the percentage increases stated in the Utility Ordinance. Expenses are calculated assuming a 10% increase in the operating expenses only. Debt service is calculated based on the CIP projects and future funding projected. She said impact fees can be used for debt service on qualifying projects. Impact fees cannot be used for something that is not related to growth. Waste Water Treatment Plant expansion is related to growth so impact fees could be used for debt service on that project.

The debt service in the FY 2007 budget in the amount of $55,974.00 is what the City is paying on the 2004-2005 loans.

If the City Center is factored into FY 2009, there will be a deficit in General Funds of $620,635 at the end of the five years. Road and Bridge is in a surplus situation for the entire five years. Water and Sewer would have a deficit of $1.9 million with the WWTP factored in, but that would drop to $963,017 if the WWTP were removed. Stormwater and Reuse would have deficits of $323,745 and $114,635 respectively. All these figures are based on the 10 percent assumptions.

The next scenario holds operating expenses at 5 percent. Attachment C shows the health of each fund using this calculation. Holding expenses improves the picture, but may affect the quality of the services that can be provided. Mrs. Simpson remarked that with planning, staff support and Commission support this could work. The revenues are the same as the previous assumption, but operating expenses are held at 5%. This model shows quite a surplus in the General Fund even with the City Center included. The deficits in the Enterprise Funds are reduced.

Cutting projects or moving projects out into future years would reduce new debt service. Funding options are shown on Attachment D. They are: Issue New Debt, Increase User Fees, Reduce Growth of Operating Expenses, Obtain Grants or Dedicate Debt Service Funding (dedicating a portion of taxes or user fee increases to fund debt service on particular projects). Those funds could be used for that purpose by ordinance/resolution. Additional millage for debt would need to be approved by voter referendum. She commented that it is time to do a user rate study again.

Commissioner Ball asked about WWTP Upgrades in the annual program and inquired if the expansion would affect that line on the CIP Funding Sheet. Mr. Lukowiak said it should, but of the $600,000 allocated in 2007, approximately half of that will be for the oxidation ditch which will increase capacity by one-half million gallons. The rest of the money in future years is for maintenance and other projects until the expansion is completed. Money allocated during and after the expansion is just based on assumptions, not knowing what they will find during the expansion. In 2008, after the study, he may find that he won’t need some of the funds earmarked for upgrades.

Mr. Ball asked the current capacity of the WWTP. Mr. Lukowiak said the city is permitted for 2.4 million gallons. Right now the city is operating at about 1.9 capacity and the oxidation ditch upgrade will give the City the 2.4 capacity. The more upgrades that are done will extend the expansion out. Mr. Ball asked what capacity the City is looking for with the expansion and Mr. Lukowiak said he’s looking to double it. Mayor Bustle said the size of the City is projected to double, so the increased capacity will be needed.

Mr. Ball asked how much of the new growth will be covered by impact fees. Mr. Lukowiak said most of it, but the City doesn’t collect all the money up front from developers; only as they obtain building permits for phases of a development. The $14 million needed for the WWTP expansion is to accommodate the expected growth in the City; therefore, impact fees should cover the entire cost of that. Mrs. Simpson said
that money will not all come in up front and the fees that do come in will need to be put in a debt service situation to use as we get them.

Mrs. Simpson reiterated that staff is looking for approval from Commission tonight for the 2007 CIP budget at the 7:00 p.m. meeting. Staff would like to meet with individual Commissioners to address concerns and questions about future years in the CIP. Then they will bring back projects Commission wants included or deleted or timeline changed, etc.

Mr. Ball said he had no objection with proceeding with the 2007 CIP. Mayor Bustle said this is a complicated issue and he encouraged Commissioners to meet with staff: Mrs. Simpson, Mr. Freeman or Mr. Free, as requested.

Mrs. Lancaster thanked the administration for looking at the hard issues and Mrs. Simpson for her presentation. She commented that Commissioners need to work with staff to make sure needed projects are included, for example, that the WWTP is expanded by the time the City is built out.

Mrs. Cornwell asked what percentage of the growth is in the CRA and could CRA contribute to the CIP. Mrs. Lukowiak said the CRA was an existing district and has no new impact on the WWTP. Mr. Lukowiak said the CRA is somewhat restricted in the way their dollars are spent but can help fund some other projects.

Mrs. Varnadore expressed concern about the $600,000 allocated for 301 Future Utility Expansion for the new development at Sanctuary Cove when there are problems for current residents. Mr. Lukowiak said part of the annexation agreement with Sanctuary Cove was that the City would provide utilities and they will be ready for the utilities in the next 12-18 months. Mr. Lukowiak said the developer agreed to pay for 25 percent of the cost. She said she did not see being able to get the Tenth Street Drainage Project done this year, but Mr. Lukowiak assured her that it will be done if the 2007 CIP is approved tonight. She lamented that the residents on 8th and 9th streets are being put off again and really need the upgrades. Mr. Lukowiak said Tenth Street flooding is a priority. He said the 8th and 9th Streets Upgrades Project is a big project, but he will start engineering in 2008 and the physical construction in 2009.

Mr. Williams said he agreed with Mrs. Varnadore about the upgrades at 8th and 9th streets. Mayor Bustle commented that when the rest of the CIP program comes back to Commission for review, they may find that priority wise it may need to be adjusted.

In answer to Mr. William's question to clarify, Mrs. Simpson said there was no new debt service in 2006 or 2007. The 2004-2005 loans will stretch to the end of 2007.

There was a consensus by Commission to move the 2007 CIP forward to the 7:00 p.m. meeting.

3. RESOLUTION 07-06 (T. Lukowiak)
Resolution No. 07-06 demonstrates the City’s commitment to county-wide compatibility, while protecting home rule. With Commission’s approval, Resolution No. 07-06 will be carried forward to the 7:00 agenda for action.

Mrs. Lukowiak presented Resolution 07-06 which formalizes the City’s position on the County – Wide Compatibility Study. The summary of the study included four recommendations which were presented to Commission on January 22, 2007, for feedback. The four recommendations in the resolution address: 1) Amendment of Comprehensive Plan 2) Amendment of Zoning Code 3) Neighborhood/ Small Area Land Planning and 4) Continued Intergovernmental Coordination. The City will review the study each time it prepares the Evaluation and Appraisal Report which occurs every seven years.

There was a consensus to move the resolution forward to the 7:00 p.m. meeting.
4. CRA RFP FOR DEVELOPMENT OF 305 7th AVE. W. (T. Lukowiak)
CRA staff will review a proposed RFP for the development of 305 7th Ave. W. to amend the document, if necessary, prior to publication.

Mrs. Lukowiak gave Commission the RFP for the property at 305 7th Avenue West for review and input prior to publication. Statute requires that Commission approves before the CRA can award the RFP or dispose of the property. She stated that preference will be given to those using new building technologies.

5. DEPENDENT AND ELECTED OFFICIALS' HEALTH CARE (J. Freeman)
Update on the City's subsidy percentage for health insurance for the Mayor, Commission and eligible dependents.

Mr. Freeman said staff is looking for direction on finding an equitable solution for the subsidy for dependent care that is consistent across all categories (i.e., employee and spouse, employee and children, employee and family). And, Commission should decide whether or not the City wants to continue to subsidize insurance for future retirees.

The City's agent, Mike Towns, said the three current retirees receiving an insurance subsidy could actually get a Medicare Supplement and a Medicare D Program and pay less than they're paying to the City now. By removing the subsidy, the City would not be hurting the current retirees. In response to Mr. Williams' concern about the need to advise the retirees, the Mayor thought it would be appropriate for Mr. Towns to work with Jim Freeman to present the options to them.

After discussion, there was agreement that the subsidy for eligible dependents should be 65 percent across the board and that it would become effective January 2008. Mr. Towns commented that a phase-in would be an administrative nightmare. That option will be brought back to Commission for a vote.

Health Insurance for Commission and Mayor
Commissioner Ball said he is opposed to free health insurance for Commissioners who are part time employees. He might be in favor of insurance for a reasonable cost and he suggested 50 percent.

Commissioner Lancaster said she would decline the insurance. She would not be in favor of having the citizens pay for her insurance when some of them can't afford it themselves.

Commissioner Cornwell reminded Commission that she brought up the idea, and her reasoning was to add a benefit for the hours that are actually put in by Commissioners. Their pay is relatively low, $7,000 per year as compared to City of Bradenton Commissioners who earn $26,000 per year. The added benefit might attract future Commissioners.

Commissioner Varnadore saw a potential inequality if some took the benefit and others opted out. Those on the insurance would then be receiving more compensation. She would not be opposed to the Mayor receiving benefits because of the hours he puts in for the City. Mr. Towns said the Mayor actually already qualifies.

Commissioner Williams said he would rather receive benefits via technology e.g. cell phones, computers, etc., to help Commissioners do their job better.

Mrs. Lancaster commented that raising the salary would probably be the best way to attract future Commissioners.

No decision was reached on the subject. It will come back to Commission at a future date.

6. DOWNTOWN DESIGN GUIDELINES (T. Lukowiak)
Staff will provide an overview of the proposed downtown design guidelines for Commission's comments prior to submittal to the P&Z Board.
Mrs. Lukowiak gave a brief PowerPoint presentation of the City of Palmetto’s Proposed Design Guidelines. A copy of the presentation was included in each agenda packet. She explained that the purpose of the Design Guidelines was to ensure that downtown projects implement visions gathered through community input for the CRA funded Waterfront Plan. Some of the visions include: pedestrian friendly downtown, walkable blocks, smaller lots and retention of the existing street grid pattern, to name a few.

The historic buildings that exist will be preserved. The design guidelines apply to new projects, the relocation of existing buildings and renovations to existing structures. They give a list of what is considered appropriate and what is inappropriate. Pictures provide examples. The guidelines serve primarily as suggestions.

City Planner Bob Schmitt gave an overview of the Downtown Character Districts: the Downtown Waterfront District, Riverside Drive north to 4th Street and 11th Avenue east to the Estuary Park; the Midtown District, 4th Street north to 7th Street and 11th Avenue east to the Estuary Park; and, the Uptown District, 7th Street north to 10th Street and 11th Avenue east to the Estuary Park.

He explained that the Waterfront District is the City’s most valuable amenity. Its relationship with the 10th Avenue corridor of Old Main Street serves as the focal point for the Downtown Waterfront District. He gave a brief overview of the maximum heights and density for each district which are included in the PowerPoint. The whole idea is to bring people downtown and have lots of rooftops and lots of people. A parking garage for businesses is being discussed.

Mr. Schmitt continued with requirements for Old Main Street, the City’s downtown corridor. The guidelines encourage historic preservation. Guidelines were included for Eighth Avenue, the major thoroughfare through the City. He commented that the Planning and Zoning Board added an Alternative Design Approach for projects that might be different and valuable to the City but might be outside the architectural norm. Planning and Zoning wanted to add some flexibility.

Mrs. Lukowiak commented that Planning and Zoning is happy with the Design Guidelines but is requesting Commission input prior to public hearings, and they would like to have the first reading in March.

Mr. Schmitt pointed out to Commission that these are just guidelines/principles and that each development application will have to go through planned development approval on a case-by-case basis, and each will require Commission approval. Individual homeowners must be consistent with design guidelines, but that would be administrative review and would not come to Commission. Use permitted as of right needs to conform to the architectural guidelines but does not need to come to Commission for approval.

In summary, Mr. Schmitt said this is a benefit to property owners in Palmetto because their densities have gone up substantially, and he feels that if applied appropriately this could be a major benefit to the City of Palmetto.

The meeting was adjourned at 6:10 p.m.

Minutes approved: February 26, 2007

James R. Freeman, City Clerk